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DIRECTORATE GENERAL OF
FOREIGN TRADE

सत्यमेव जयते

Districts
of Export Hubs



Building a better
world

Preface

This district export plan for Mainpuri District is being prepared as a part of Developing District as Export Hub under the District Export Hub Scheme initiated by the Ministry of Commerce & Industry, Govt of India, and state Government of Uttar Pradesh. Hon'ble Prime Minister in his Independence Day Speech on 15th August 2019, had, inter- alia observed that each of our district has a diverse identity and potential for targeting global markets and there is a need for converting each district into potential export hubs. In order to implement Hon'ble PM's vision for each district, Department of Commerce has mandated the Directorate General of Foreign Trade to work with State Government and District Level authorities to promote the Mainpuri district as an export hub. In view of above, a District Level Export Promotion Committee has been formed by the office of DIC, Mainpuri under the chairmanship of District Magistrate. With the said objective, 'District Export Action Plan' has been prepared and being presented to concerned stakeholders.

The report encompasses in-depth information on Mainpuri district's geographic, and demographic, along with key statistics of prominent exporting products of district, gaps identified basis diagnostic survey, recommendations proposed to mitigate the gaps and action plans required to implement those recommendations.

The report provides insights into exports from the cluster, via analysing exports over the last five years from India and UP for the respective product. The report also shares insights on availability of raw material, technology upgradation, infrastructure, designing, packaging, access to finance, skill development etc. Besides the detailed action plans, the timeline and responsibility matrix has also been defined with implementation schedule to give implementation roadmap of the product.

For this desired purpose, an extensive primary and secondary research was conducted. The report has been prepared in co-ordination with the Office of DGFT, Kanpur and Uttar Pradesh Export promotion Bureau (UPEPB). The data has been sourced from multiple avenues, including but not limited to data provided by office of DGFT, Kanpur, UAM data (2019), DICs, 2011 Census of India, Diagnostic Study Reports, stakeholder consultation and several other secondary resources.

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1. Vision of Districts as Export Hubs

“Each district of our country has a potential equal to that of one country, each of our districts has the capacity equal to a small country in the world.. why should each district not think of becoming an export hub? . . Each of our districts has a diverse identity and potential for global market”

- **Honourable Prime Minister of India, Shri Narendra Modi**

Foreign trade from India constitutes of 45% of its GDP.¹ Until 2019, only the central government was engaged in the decision making of foreign trade, without any participation or involvement of state and/or district stakeholders. However, now, understanding that there are diverse elements that contribute towards an enabling and conducive foreign trade environment; the central government has identified that with policy & strategy, active support of the state governments and district administrations are also equally required.

Thus, to decentralize the existing activities, to boost local production & its exports and to ensure active participation of state & district stakeholders, vision of district as export hubs was put to action. Department of Commerce, through Directorate General of Foreign Trade (DGFT) is working with the State / UT Governments to achieve this objective.

DGFT and UPEPB have aimed at synergising their efforts to identify the key products, export trends and challenges. Further in order to minimize the challenges, quantify the exports and outline export strategy; a detailed district-wise Export Action Plan has been made for all 75 districts of Uttar Pradesh (UP), where EY has contributed as Knowledge Partner.

2. District Profile

Mainpuri is a district in the Agra division of Uttar Pradesh. The district with a population of 18,68,529 constituting to only around 1% of the total population of the state making it rank 50th within the state.² **The GSDP of the district is INR 7906.22 Crores³**

Mainpuri forms part of the ancient legendary region, Braj which was Lord Krishna's land. It is also home to various temples and historical masterpieces. The district is famous of its sarus crane which is an endangered species. There are approximately 8,000-10,000 sarus cranes in India and two-thirds of it resides in Karhal village anjani.

⁴

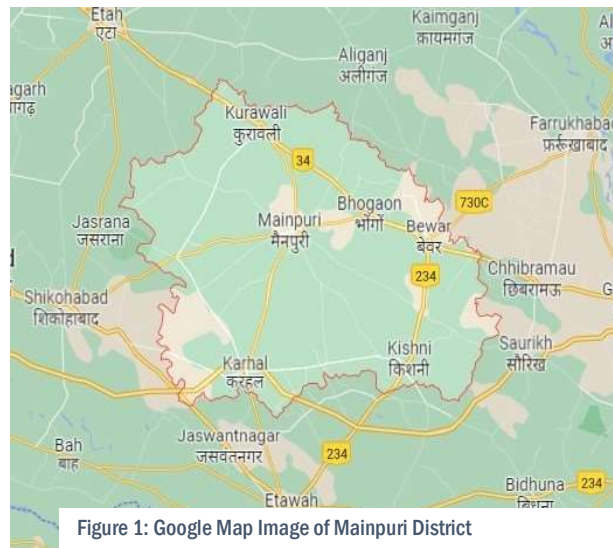


Figure 1: Google Map Image of Mainpuri District

¹ <https://commerce.gov.in/wp-content/uploads/2021/03/Devolping-Districts-as-Export-Hubs.pdf>

² https://censusindia.gov.in/2011census/dchb/0917_PART_B_DCHB_MAINPURI.pdf

³ <http://investup.org.in/economic-snapshot/>

⁴ <https://mainpuri.nic.in/>

2.1 Geography

Mainpuri is a district in the Agra division of Uttar Pradesh, covering an area of 2,760 sq. Km. It lies between North Latitude 27° 13' 42.85" and East Longitude 79° 01' 43.75" The district is surrounded by Etah in the north, Farrukhabad and Kannauj in the east, Etawah in the south and Firozabad in the west. ⁵

2.2 Connectivity



Road: Mainpuri has National Highways (NH34 and Agra - Lucknow Expressway, NH19, NH34 and Sugaon - Husenpur Road, NH19 and Kurawali - Mainpuri - Etawah Road) connecting it to Kanpur, Lucknow, Agra, Etah and Etawah.



Railways: The District is well connected by Railway as well with trains to Kanpur, Agra, Lucknow, Etah and Etawah.



Airport: Currently the city has no airport. The nearest airport is Agra which is around (about 149 km away), Delhi Airport which about 350 km away and Chaudhary Charan Singh International Airport in Lucknow which is about 216 kms away from the city is the nearest airport.

2.3 Topography & Agriculture

The district generally presents the appearance of an extensive level plain broken only by the sand ridges on the western border, the rolling sand hills and undulations of the Kali and Isan rivers, and the ravines along the Yamuna to the south-west. The Kali Nadi forms the boundary of this plain on the north and north-east and the Yamuna encloses it on the south-west. Both these rivers flow towards the south-east, and between them. The general slope of the country from north-west to south-east. Taking the district from north to south.⁶

The soils of the district are typical of those found elsewhere in the Indo- Ganga plain and are classified on two principles according as the distinctions recognised are natural- Bhur or artificial.

The main agricultural products are Rice, Wheat, Maize, Bajra, Rapeseed, Groundnut, Sesamum, Filled pea, Garlic, vegetable pea, potato, Onion, and Tomato.⁷

2.4 Tourism

Mainpuri's tourist places are Fort of Maharaja Taj Singh Chauhan, Raja's palace, Garhi, Phoolbagh and Lohia park⁸, Saman Bird Sanctuary, Cyvan (च्यवन) Rishi's ashram and Sheetla Mata Mandir⁹

3. Industrial profile of the district

The district has **2,466 industries that employ around 8,958 individuals**¹⁰. The key industries of the district include Ready-made garments & embroidery, Agro based, Wood/wooden based furniture, engineering works, etc.

⁵ <https://mainpuri.nic.in> and <https://latitude.to/map/in/india/cities/mainpuri>

⁶ <https://mainpuri.nic.in/economy/>

⁷ <https://mainpuri.kvk4.in/district-profile.html>

⁸ <https://mainpuri.nic.in/places-of-interest/>

⁹ <https://mainpuri.nic.in/tourist-places/>

¹⁰ DIC, Mainpuri



The **Agro based mills and units comprises of around 770** units of production in Mainpuri. The total turnover of these units is Rs. 300 crores through domestic sales but does not directly export.

The Tarkashi product under wood/wooden based furniture have about 10 MSME units with an annual turnover of Rs. 1 crore through domestic sale.

The following table depicts the MSME units with their turnover and employment:¹¹

Table 1: Details of key industries

Industry	No. of functional units	Employment (No's)	Turnover (INR. Cr)
Agro based (Food Product)	770	3,000	300
Electrical machinery and transport equipment	50	265	25
Engineering units	100	545	5
Others	734	2,080	10.85
Ready-made garments & embroidery (Zari-zardozi)	465	1545	12.35
Repairing & servicing	297	891	5
Wood/wooden based furniture	50	632	10
Total	2,466	8,958	368.2

In order to foster the entrepreneurs & their businesses, the district has established three industrial areas. These facilitate the production of process of various manufacturing units of the district.

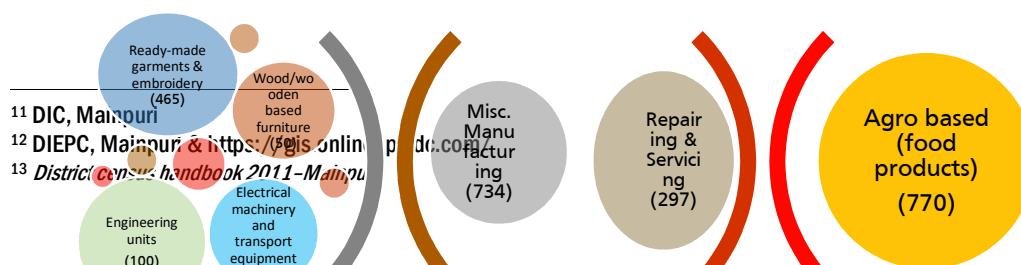
The details of the industrial area are as follows:¹²

Table 2: Industrial area details

Name of Ind. Area	Land acquired (In Acre)	Land developed (In Acre)	No. of plots	No. of allotted plots	No. of vacant plots	No. of units in production
Mini Industrial Estate, Dharau	2.55	2.55	39	38	1	17
Mini Industrial Estate, Mallamai Bewar	2.83	2.83	51	47	4	5
Industrial Area, Bhogaon	265.63	265.63	78	52	26	10

The MSME units in the district mainly represent industries like agro based (Food products), ready-made garments and embroidery, wood/ wooden based furniture, and repairing and servicing. Agro based (Food products) industries contribute most in terms of employments ~ 81%, Ready garments and embroidery contributes ~4.19%, Repairing and Servicing contributes ~2.41%, wood/ wooden based furniture~1.71%. to revenue, and Engineering unit, Electrical machinery and other ~6.37% of work force is employed in this vertical.

Out of total population of 1,868,529 (2011 census), 560,840 are working population¹³. Out of total working



population, 73% are cultivators and agricultural labourers, 23% working in other industries, 4% are household industry workers. This indicates that agriculture is the main source of income in the district.

Table 3: Occupational Distribution of Main Workers¹⁴

S. No.	Particulars	Mainpuri	%
1	Household Industry Workers	24,784	4%
2	Agriculture Labourers	137,174	25%
3	Cultivators	270,888	48%
4	Other workers	127,994	23%

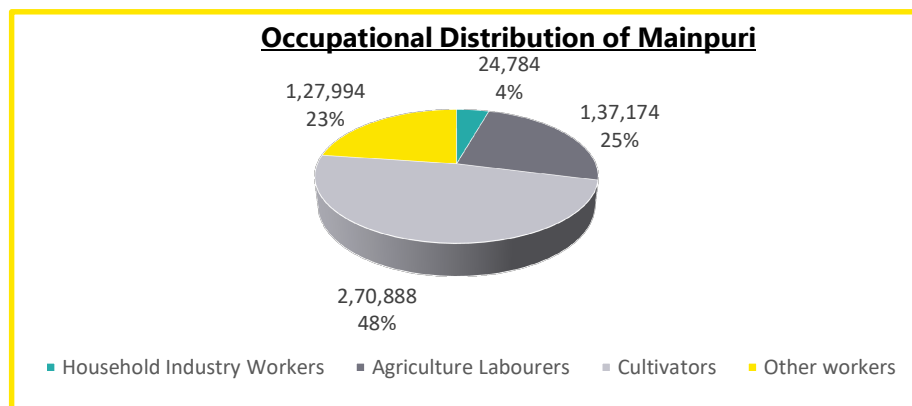


Figure 3: Occupational distribution of Mainpuri

3.1 Major Exportable Product from Mainpuri

The following table depicts the value of export of major products from Mainpuri:

Table 4: Major exportable product from Mainpuri

S. No	Product	Export value (in INR Cr.) ¹⁵ from September 2020 to November, 2021
1	Basmati Rice	0.12
2	Tarakashi Art	1.34
Total		1.46

4. Product 1: Rice

4.1 Cluster Overview





The economy of the cluster is heavily dependent on agriculture products- Rice.

In Mainpuri, Rice production is Approximate 187.02 metric ton from 62673 Ha cultivated land in major area of Block Sultanganj's villages like Bhadura, Sweai, Sujapur, Pal, Ramnagar, Ahirwa, Mirjapur, Bhashuahar, Nagla Munsii, Nagla

¹⁴ District census handbook 2011-Mainpuri

¹⁵ DGFT

Key Facts

-  **15 Manufacturers**
-  **INR 80 Crores** Approximate turnover of the cluster
-  **INR 0.1235745 Crores** ~ Export Turnover
-  **250 employment**



Beehari and Block Karhal's village- Manikpur and productivity – 29.84 Qtl. /ha ¹⁶

There are ~15 operational units in the cluster employing around 250 individuals and with a turnover of about INR 80 crore.¹⁷ Agro based units are mostly located in Mainpuri city and nearby Mainpuri city like Agra road, Sirsaganj road, Jyoti road, and Karhal road within a radius of 15 kilometres.

4.2 Product profile

Rice, (*Oryza sativa*), edible starchy cereal grain and the grass plant (family Poaceae) by which it is produced. Roughly one-half of the world population, including virtually all of East and Southeast Asia, is wholly dependent upon rice as a staple food; 95 percent of the world's rice crop is eaten by humans. Rice is cooked by boiling, or it can be ground into a flour. It is eaten alone and in a great variety of soups, side dishes, and main dishes in Asian, Middle Eastern, and many other cuisines. Other products in which rice is used are breakfast cereals, noodles, and such alcoholic beverages as Japanese sake.

The cultivated rice plant is an annual grass and grows to about 1.2 metres (4 feet) in height. The leaves are long and flattened and are borne on hollow stems. The fibrous root system is often broad and spreading. The panicle, or inflorescence (flower cluster), is made up of spikelets bearing flowers that produce the fruit, or grain. Varieties differ greatly in the length, shape, and weight of the panicle and the overall productivity of a given plant.

Many cultures have evidence of early rice cultivation, including China, India, and the civilizations of Southeast Asia. However, the earliest archaeological evidence comes from central and eastern China and dates to 7000–5000 BCE. More than 90 percent of the world's rice is grown in Asia, principally in China, India, Indonesia, and Bangladesh, with smaller amounts grown in Japan, Pakistan, and various Southeast Asian nations. Rice is also cultivated in parts of Europe, in North and South America, and in Australia.

In the 1960s the so-called Green Revolution, an international scientific effort to diminish the threat of world hunger, produced improved strains of numerous food crops, including that known as miracle rice. Bred for disease resistance and increased productivity, this variety is characterized by a short sturdy stalk that minimizes loss from drooping. Poor soil conditions and other factors, however, inhibited its anticipated widespread success.¹⁸

In the India it has been reported that there are over 6,000 varieties of rice.¹⁹

4.2.1 Product Portfolio

Multiple varieties of rice exist including short-grain, medium-grain, and long-grain varieties.

The following are the key varieties of Rice which are produce, processing and sale domestic and indirect export in the cluster:²⁰

- ▶ **Basmati Rice:** Pusa Basmati 1121, Pusa Basmati-1509 (IET 21960), Pusa Basmati- 1718, Sugandha-5, Sugandha-6
- ▶ **Non-Basmati Rice:** Surbati
- ▶ **Hybrid rice:** Sudha (D3100), PHB-71, Arize-6444

¹⁶ DAO, Mainpuri

¹⁷ DIC, Mainpuri

¹⁸ <https://www.britannica.com/plant/rice>

¹⁹ <https://www.wellcurve.in/blog/different-types-of-rice>

²⁰ Consultation with Stakeholder

4.3 Cluster Stakeholders

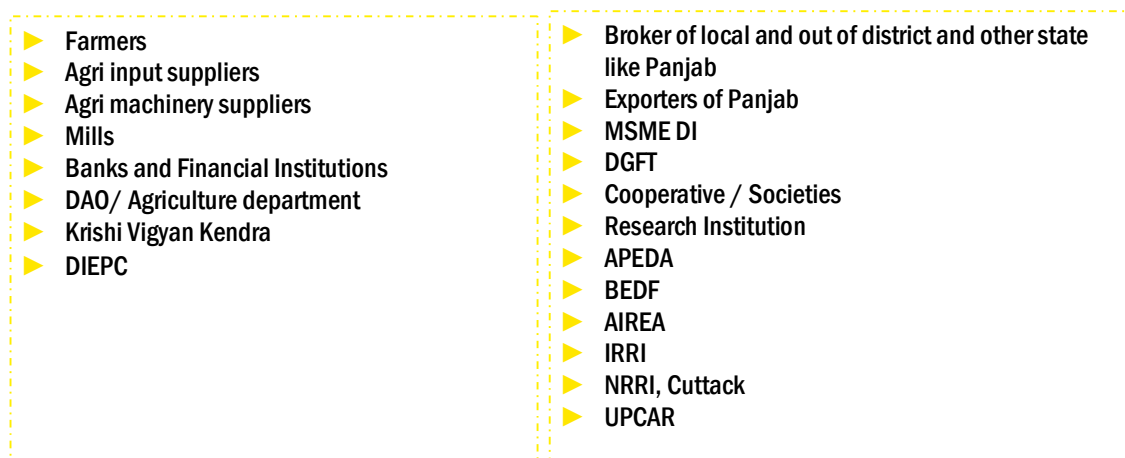


Figure 4: Cluster Stakeholders

4.4 Export scenario

4.4.1 HS code

The following table lists the HS codes under which the products are exported from the district:²¹

Table 5: HS codes for Rice

HS codes	Description
100630	Basmati Rice

Current Scenario

The export scenario of India and Uttar Pradesh has been analysed basis the export statistics of HS codes mentioned above. Alongside are the key facts ²²pertaining to the analysed product codes.

Based on our analysis, we have identified key synergies that should be developed to expand our current reach and potential; These synergies are divided into immediate and long term. The immediate synergies include countries with Signed FTA's, high growth potential, and one is catered by India and not UP. Whereas the long-term synergies include countries with untapped market potential which can only be fulfilled if UP's exporters comply and raise the quality of the product to the highest standards, freight rates are more subsidized and major efforts is required in marketing which will require time to accommodate the same.

Key Facts of Export

20,631,291 (USD Thousand)
Value of world exports in 2020

7,484,136 (USD Thousand)
Total Exports from India in 2020

412,380 (USD Thousand)
Total Export from UP in 2020-21

~ 5.51%
Share of UP in India's Exports

²¹ Consultation with Stakeholder

²² <https://www.trademap.org/>

4.5 Export Potential

As various products are manufactured and sold under the Agri food related to Rice products like Basmati rice, Non-basmati rice of Mainpuri²³, in order to gauge our understanding of where India stands relative to the world on the trade of these products, each product has been delved into as a separate unit defined by its exports and imports in comparison to its competition and potential markets to target in the future.²⁴

The consolidated list of countries that India can target, respective to the analysis carried out in each chapter are Saudi Arabia, Iran, Iraq, UAE, Benin, Yemen, Togo, USA, Nepal, Guinea, Kuwait, Malaysia, UK as mapped below.

Product 1: 100630; _ Semi-milled or wholly milled rice, whether or not polished or glazed

India's exports represent 36.3% of world exports for this product, ranking it number 1. The value of India's exports over the last 5 years have increased by CAGR 8% with a sharp increase in 2018 and then a subsequent dip post that and again increase in 2020. ²⁵As per data FY 2018-19 to 2020-21 for exports from the state of UP, it is

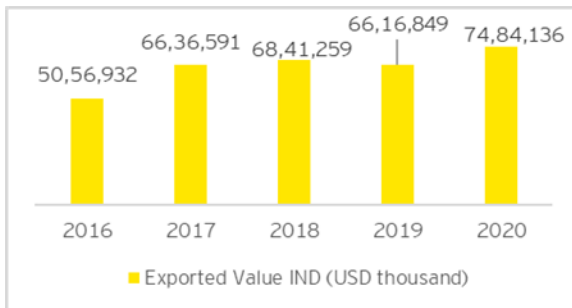


Figure 6: Exported value of India for HSN-100630

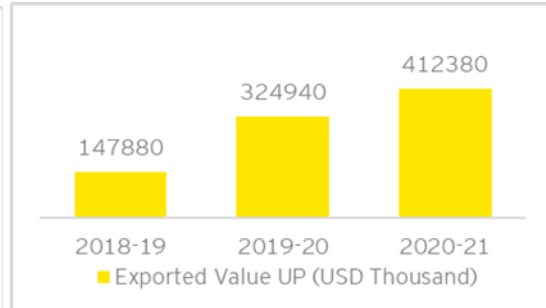


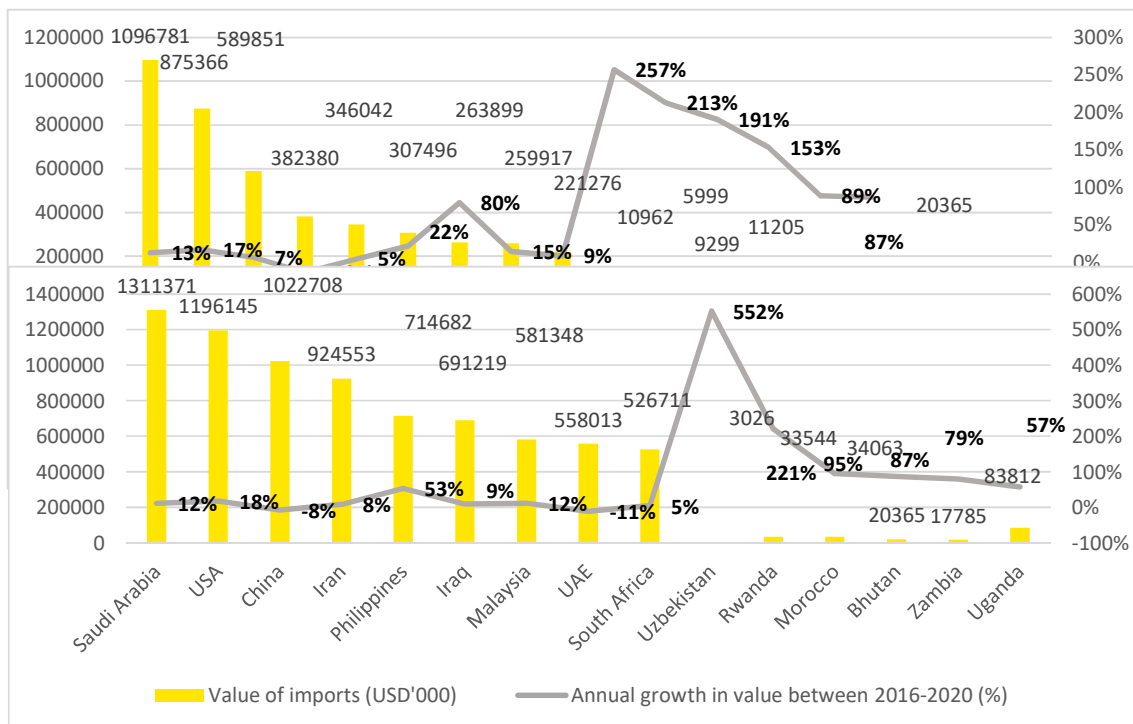
Figure 6: Exported value of UP for HSN-100630

observed that there has been increased by CAGR 40.75%, with a similarly sharp increase from 2018-19.²⁶

The top importers for this product in the world are given below, alongside the value of the product imported in 2020.

Figure 7: The top importers for this product in the world for HSN-- 100630

Prominent countries that import the product from India:



The following synergies/ markets are identified for UP and India based on the signed FTAs, untapped potential, high growth potential, the ones is catered by India and not UP etc.

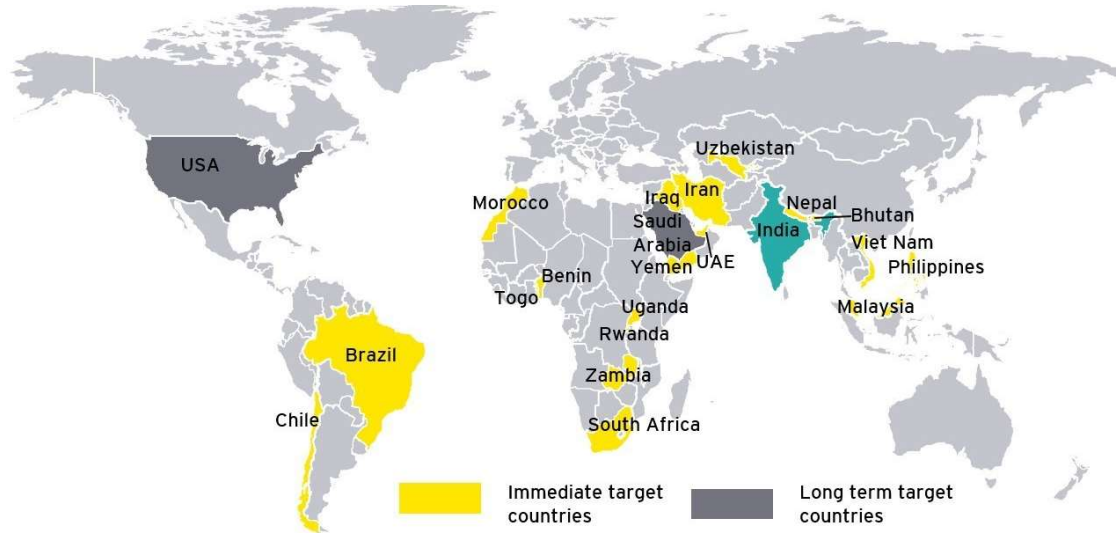


Figure 9: Markets for export potential for HSN-100630

Countries to which UP exports this product under in HSN code -100630 are **Nepal, Somalia, Iran, UK, Djibouti, UAE, Australia, Qatar, Yemen, Benin, USA, Canada, Saudi Arab, South Africa, and Oman.**²⁷

4.6 Potential Areas for Value Added Product

Product Diversification is one of the most crucial product uplifting strategies which in turn is an important part of a product’s export. Currently, only the grains of rice are being sold directly in the market. Knowing the health benefits of the product an initiative can be made for product diversification to manufacture value added products such as *chivda, poha, brown rice, rice noodles, idli & dosa batter*.

The broken rice can be used to **create flour**. Rice flour is gluten-free; therefore, it is an alternative for producing gluten-free products. Rice flour is also hypoallergenic. Thus, it can be utilized for producing baby food, puddings, and other food products. Due to the decreased risk for people with sensitivities, food companies prefer rice flour to other varieties of flour. Thus, it is economically justifiable to grind broken rice to produce flour for such applications.

With adequate upgradation of technology in the cluster the farmers/ millers can sell by-products and generate additional income by manufacturing by-products from Rice Husks, Brans and Straws; the following are their uses:

Rice Husk Use	Rice Bran Use
▶ Fuel	▶ Edible grade oil
▶ Gaseous Fuel	▶ Industrial grade crude oil
▶ Husk Briquette	▶ Free fatty acid manufacture
▶ Husk Board	▶ Plasticizers
▶ Furfural	▶ Tocopherol
	▶ Rice bran wax

4.7 SWOT analysis

Table 6: SWOT Analysis

Strengths	Weakness
▶ The cluster has a well spread-out industry / Mills	▶ Lack of proper infrastructure facilities for storage

²⁷ www.dgcisanalytics.in



<p>with basic knowledge of processing and an elaborate market system</p> <ul style="list-style-type: none"> ▶ Experienced farmers ▶ Suitable environmental conditions for multiple cropping ▶ Average yield ▶ Availability of various financial and non-financial assistances from state and central government pertaining to agriculture 	<ul style="list-style-type: none"> ▶ Rice mills have not been fully modernized ▶ Insufficient branding, market development and strategy ▶ Small-sized farms ▶ No strong linkages in the value chain ▶ Inadequate postharvest infrastructure leading to quality and quantity losses. ▶ Insufficient investment in agricultural machinery ▶ Due to lack of timely upgradation of rice mills, a large percentage of the produce is often discarded as it is termed as broken rice which is not suitable for sale ▶ High transportation cost for export of the product ▶ Lac of international penetration due to lack of implementation of marketing strategies by majority small and micro units
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Large scope for expanding sales network-globally and locally due to population growth ▶ Improving the product quality to tap international markets ▶ Product diversification for attracting larger audiences ▶ Opportunity in technical up gradation for efficient production ▶ Opportunity for increasing sales by participation in various national and international marketing events ▶ Branding for market conquering. 	<ul style="list-style-type: none"> ▶ Requirements and demands for food safety ▶ National rice self-sufficiency strategies in importing countries ▶ Loss of some traditional markets like Iran, ▶ Fungicide / Insecticide related issues like Use in fields exceeding the limit dose, etc. ▶ Drop in acreage due to equal or even better returns from competing rice varieties

4.8 Challenges and interventions

Parameter	Challenges	Intervention
Technological upgradation	<ul style="list-style-type: none"> ▶ Techno awareness and adaptability among the primary stakeholder is very low ▶ Lack of proper working space and investment capacity to scale up the existing units. 	<p>Hard Interventions:</p> <ul style="list-style-type: none"> ▶ Establishment of Common Production Center with modern machines including Rice sortex Machine, Rice Cleaning Machine, Rice polisher machine, Dryer machine etc. for enhancing production. <p>Soft Interventions:</p> <ul style="list-style-type: none"> ▶ Exposure visits to benchmark clusters for cross learning on technologies to be adapted in production process ▶ Facilitating technology demonstration at the cluster by the domestic and global machine suppliers

<p>Rice Production, Harvest and Postharvest Management</p>	<ul style="list-style-type: none"> ▶ Injudicious use of chemical inputs ▶ Farmers apply traditional practices due to lack of knowledge and Machinery ▶ Poor harvesting techniques 	<p>Soft Interventions:</p> <ul style="list-style-type: none"> ▶ Exposure visits to benchmark clusters for cross learning on technologies to be adapted in production process ▶ Facilitating technology demonstration at the cluster by the Input and machine suppliers ▶ Awareness and training for organic rice production, varieties selection according land type, water availability, market demand, pest & disease resistance etc., Integrated Pest Management (IPM), Integrated nutrient management (INM) ▶ Awareness and training for postharvest handling practices and treatments carried out after harvest. Handling practices like harvesting, precooling, cleaning and disinfecting, sorting and grading, packaging, storing, and transportation played an important role in maintaining quality and extending shelf life. ▶ Conduct awareness workshops about Government schemes like National Programme for Organic Production (NPOP) – APEDA scheme’, National Agriculture Market (eNAM), Paramparagat Krishi Vikas Yojana (PKVY), Soil Health Management (SHM), National Centre of Organic Farming (NCOF), etc. ▶ Training programme to educate the cultivators about various SPS/ Technical standards in international market. ▶ Distribution of Certified seeds to farmers partially through Krishi Vigyan Kendra (KVK) of Mainpuri and Farmer Producers Organization. ▶ Produce IARI's latest released improved and disease resistant varieties such as PB1847, PB1885 and PB1886 on trial-based plots at KVK, Mainpuri and block level by KVK Mainpuri, then produce varieties as per best results related to production, resistance and farmers' feedback, Propagation of seeds of best varieties. ▶ Farmers / exporters may be sensitized to avail the benefits from BEDF activities such as Quality assurance in export, Authorised centre for samples drawn by customs, Production of basmati breeder / foundation seed, Farmer’s awareness and capacity building, ▶ Working with CDFD, Hyderabad for extension of DNA testing protocol for inclusion of new notified varieties of basmati rice and Quality analysis for national basmati trials.
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<p>Marketing branding</p>	<p>&</p> <ul style="list-style-type: none"> ▶ Dependency of farmers on the middlemen / commission agent for sale of their paddy. ▶ Dependency of mills on the middlemen / commission agent of out of state like Panjab for sale of their Rice products. ▶ Need for infrastructure for marketing & promotion the product ▶ Lack of knowledge of existing schemes and govt. initiatives ▶ Lack of access to real-time market flows and price information: Farmers are mostly dependent on informal sources such as other farmers, traders, commission agents, and input dealers for advice on market and price information. 	<p>Soft Intervention:</p> <ul style="list-style-type: none"> ▶ Awareness and outreach programmes for participating in Domestic / international fairs and exhibitions. ▶ Encouraging cluster actors to leverage ODOP MDA scheme for financial assistance. ▶ Organizing state and national level exhibitions. ▶ Collaboration with E-commerce companies focusing on vegetables and fruit sale like Big Basket, Natures Basket, Amazon, Flipkart, etc. ▶ Training on marketing, branding and packaging by collaborating the SPV/ artisans with Uttar Pradesh Development and Marketing Corporations Ltd Emporium ▶ Promotion of export of organic produce ▶ Promotion of rice products by DIEPC across the State through branding within their premises and through events like Udyam Samagam ▶ Creation of video for branding of the Rice products by highlighting its quality benefits and historical background.
<p>Quality Improvement</p>	<ul style="list-style-type: none"> ▶ Unaware of global standards and quality ratings of this sector/ industry. ▶ Non-availability of testing centres or machines or tools for quality check purpose. 	<p>Soft intervention:</p> <ul style="list-style-type: none"> ▶ Collaboration with Quality Council of India (QCI) will help in setting the quality standard of Rice products, to increase the sales in international markets. ▶ Modernized Rice mills to ensure high milling recovery and reduce the percentage of broken rice. This rice will be suitable for export.
<p>Access to finance</p>	<ul style="list-style-type: none"> ▶ Lack of awareness about existing Financial institutions and their initiatives ▶ Limited knowledge on the schemes and policies of central and state government ▶ Blockage of working capital owing to extended payment timelines ▶ The linkages with banks and financial institution in the cluster are not established properly. ▶ Improper documentation leading to loan rejection 	<p>Soft intervention:</p> <ul style="list-style-type: none"> ▶ Awareness program for Kisan credit card in the cluster ▶ Awareness and outreach program for raising consciousness about existing central and state government schemes that can be leveraged ▶ Collaboration with SIDBI for finance support ▶ Collaboration with nationalized banks/ financial institutions for easy lending to manufacturers through digital platforms to ease out paperwork. ▶ Sensitization of banks/financial institutions to understand the product value chain while fixing WC/CC limits.
<p>Transportation and Container Frate</p>	<ul style="list-style-type: none"> ▶ Stakeholders are not taken benefits under the scheme- Assistance against expenses 	<ul style="list-style-type: none"> ▶ Truck Transportation and Container freight subsidy' parameter may be analyzed in light of the 'Gateway Port Scheme' and 'Air Freight Rationalization

subsidy	incurred on freight charges for sending goods for exports, through State ICD/CFS upto the gateway port due to no port available in the cluster	Scheme' of Government of Uttar Pradesh and amended accordingly.
Packaging	<ul style="list-style-type: none"> ▶ Majority of the cluster actor lacks awareness and knowledge on packaging requisites and its importance ▶ The final product is often not, packed or labelled. ▶ Lack of innovative packaging ▶ No skilled manpower used for packaging 	<p>Hard Intervention</p> <ul style="list-style-type: none"> ▶ Innovative and modern packaging and Labelling unit is required to overcome this challenge in cluster. <p>Soft Intervention</p> <ul style="list-style-type: none"> ▶ Collaboration with Indian Institute of Packaging (IIP) for conducting workshops/ seminars or training program for Rice products manufacturers to upgrade their packaging techniques.
Skill Development	<ul style="list-style-type: none"> ▶ Majority of the artisans learn their skills from their family or on the job as the cluster ▶ Lack of recognition for formally trained artisans ▶ Lack of encouragement to setup/ expand their business ▶ Limited knowledge of artisans in business operations ▶ The skill gap in various fonts including, drawing, design, lining, cutting, stitching, embroidery, merchandising, CAD 	<p>Soft Intervention:</p> <ul style="list-style-type: none"> ▶ ODOP Skill Development Scheme could be leveraged to provide training/skill-upgradation to the artisans and toolkit distribution. ▶ Entrepreneurship and Skill Development Programme (ESDP) scheme may be leveraged for undertaking skilling and upskilling workshops/ training programmes for the cluster actors. ▶ Collaboration with NID /NSDC/ UPSSDM for undertaking skilling and upskilling under value chain activities and business development parameters- design, marketing, accounting, production process etc.
Exporter's issue	<ul style="list-style-type: none"> ▶ No focal point to address exporters ongoing issues. 	<ul style="list-style-type: none"> ▶ DIEPC to act as a focal point for all export related issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.
Cost Structure	<ul style="list-style-type: none"> ▶ U.P. is a land-locked state hence this increases the transportation cost which in turn adds to the overall production expenses ▶ Since the start of Covid 19 Pandemic, the availability of containers and the Freight Charges by the Shipping lines has been main concern of the industry 	<ul style="list-style-type: none"> ▶ The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme. ▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website. ▶ The formation of the sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.

4.9 Future Outcomes

Annual Turnover ²⁸
Increase in annual turnover from existing INR 80Cr. to 117 Cr. Over the period of 5 years





Cluster exports ²⁹
Increase in exports (Indirect) from INR 0.124 Cr to INR 0.182 Cr³⁰ over the period of 5 years

5. Product 2: Tarkashi Art products

5.1 Cluster Overview

Tarkashi is a technique of inlaying brass, copper or silver wires in wood under wooden crafts. It is a unique and artistic product of this district. It is used for decorating jewellery boxes, name plaque and other similar items. Along with this, the amazing art of Tarkashi can be seen in door panels, trays and lamps, sandook (chest), decorative pieces, tables, flowerpots, Pen stand etc. Usually, Sheesham wood is used for this art in Mainpuri. The process of inlaying metal into wood carvings is a laborious and highly skilled work. The process involves carving of the design from a piece of paper onto a hard block of wood in the form of deep and thin grooves. Then the wires are placed in the grooves and knocked into the position by a hammer.³¹

Key Facts

-  **30 Manufacturers**
-  **INR 4 Crores** Approximate turnover of the cluster
-  **INR 1.34Crores** ~ In direct export Turnover under Wood/wooden based furniture including Tarkashi art products
-  **150** employment directly or indirectly associated

The cluster emerged in the 1960s, when the first National Award Winner artisan from Mainpuri – Mr Ram Swaroop Shakya, introduced this art form as a profession and started creating Tarkashi products like bangle box, stool, centre table, images of Gods, Goddesses and famous personalities.

While it was decorated monuments, today's home décor articles, like images of Gods, Goddesses, decorative pieces, tables, flowerpots, etc., are crafted and sold. This thriving art form, taken forward with pride by the artisans, has taken the interior decoration industry by a storm.

²⁸ DIC, Mainpuri and calculation -10% growth per year

²⁹ DIC, Mainpuri and calculation -10% growth per year

³¹ <http://odopup.in/>

There are as many as **30 micro units** involved in production of taps in the district. Tarkashi art products cluster of Mainpuri covers **Mainpuri city, Bewar, Jagir, Bagpur, Manpur, Bankiya, Lodhipur, Lakhuara, Kurawali, Bhogaon, etc.**

5.2 Product profile

In Mainpuri, there used to be an Ashram (holy place) called Lal Sing Man Singh Ashram. Mr Munshi Lalji, the Guruji (principal person) of the Ashram knew the Tarkashi art form; It is the art of inlaying a fine flattened wire (tar) of brass, copper or silver in wood.

He used to do practice the art on Kharau (wooden sandals). Mr Ram Swaroop Shakya learnt this art from Mr Munshi Lalji. He later migrated to Lucknow where he practiced and perfected this art with the help of Central Design Centre, Lucknow. He was in Lucknow for around 15 years before he came back to Mainpuri in 1960. Then he started working on the art form on a full-time basis. He introduced products like bangle box, stool, centre table, images of Gods, Goddesses and famous personalities on wooden frames, etc. He received the national award in 1970 and Shilpa Guru Award in 2005. He also undertook personalized training of individuals. His wife and sons (and later their wives) learnt this art form from him. They established a training centre called Tarkashi Hastshilp Kala Kendra where they trained many and some of them have become master artisans themselves today. They also have a sales outlet in the name of Tarkashi Handicrafts Point.

Due to its antiqueness, it was identified as the key product for the district under ODOP.

Today, the cluster is spread across several towns and villages of the district. It is estimated that there are about 80 fully trained artisans who are practicing this art professionally, either fulltime or on a part time basis. Another 70 artisans are practicing it as trainees. These artisans create:

- ▶ Two-dimensional images of Gods, Goddesses and individuals
- ▶ Three-dimensional bangle and scent box
- ▶ Three-dimensional name plaques (on order basis) and mementos
- ▶ Furniture (on order basis)
- ▶ Three-dimensional show pieces like glass, ashtray, key rings,

5.2.1 Product Portfolio

The following are the key products manufactured of Tarkashi Art in the cluster:

- ▶ Images of Gods, Goddesses and individuals
- ▶ Bangle and scent box Water Pump,
- ▶ Name plaques (on order basis) and mementos
- ▶ Furniture
- ▶ Show pieces like glass, ashtray, key rings, Faucets,



Figure 10: Glimpse of Tarkashi Products

5.3 Cluster Stakeholders

- | | |
|--|---|
| <ul style="list-style-type: none"> ▶ Artisans ▶ Raw material suppliers ▶ Machinery suppliers ▶ Entrepreneurs ▶ Manufactures ▶ Banks and Financial Institutions ▶ DIEPC ▶ MSME DI | <ul style="list-style-type: none"> ▶ Development Commissioner (Handicrafts), Ministry of Textiles ▶ Regional office, Export Promotion Council for Handicrafts (EPCH), Agra ▶ National Small Industries Corporation (NSIC), ▶ Udyamita vikas sansthan, Lucknow ▶ Institute of Entrepreneurship Development, Lucknow |
|--|---|

Figure 11: Cluster Stakeholders

5.4 Export Scenario

5.4.1 HS code

The following table lists the HS codes under which the products are exported from the district:³²

³² Consultation with Stakeholder



Table 7: HS codes for Tarkashi art products under wooden crafts

HS codes	Description
940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats) ³³

Current Scenario

The export scenario of India and Uttar Pradesh have been analysed basis the export statistics of HS code mentioned above under which Wooden furniture products are exported. Alongside are the key facts ³⁴pertaining to the analysed product codes.

Based on our analysis, we have identified key synergies that should be developed to expand our current reach and potential; These synergies are divided into immediate and long term. The immediate synergies include countries with Signed FTA's, high growth potential, and one is catered by India and not UP. Whereas the long-term synergies include countries with untapped market potential which can only be fulfilled if UP's exporters comply and raise the quality of the product to the highest standards, freight rates are more subsidized and major efforts is required in marketing which will require time to accommodate the same.

Key Facts of Export

26,586,512 (USD Thousand)
Value of world exports in 2020

559,821 (USD Thousand)
Total Exports from India in 2020

52,270 (USD Thousand)
Total Export from UP in 2020-21

~ 9.34%
Share of UP in India's Exports

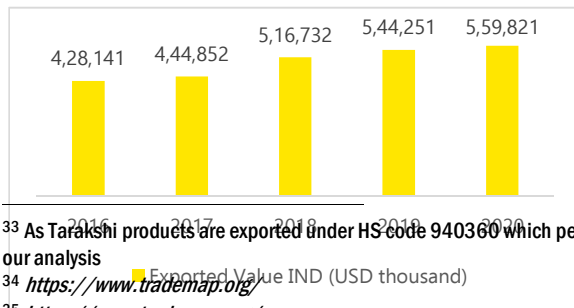
5.5 Export Potential

As various products are manufactured and sold to Tarkashi art products under wooden crafts of Mainpuri³⁵, in order to gauge our understanding of where India stands relative to the world on the trade of these products, each product has been delved into as a separate unit defined by its exports and imports in comparison to its competition and potential markets to target in the future.³⁶

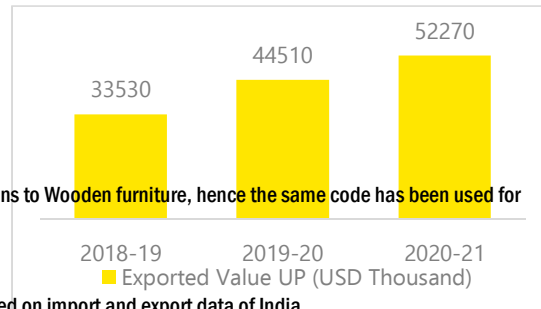
The consolidated list of countries that India can target, respective to the analysis carried out in each chapter are USA, Germany, Netherlands, France, UK, Australia, Belgium, Canada, Spain, UAE, Italy, Poland, Saudi Arabia, Viet Nam, Denmark, Maldives, Mexico, Greece, New Zealand, etc.

Product 1: 940360_ Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)

India's exports represent 2.1% of world exports for this product, ranking it number 9, behind China, Poland, Viet Nam, Italy, Germany, Indonesia, Malaysia, and Lithuania. The value of India's exports over the **last 5 years have increased by CAGR 3%** with steady growth since 2016³⁷As per data FY 2018-19 to 2020-21 for exports from the state of UP, it is observed that there has also been **increased by CAGR 9.29%**, with steady growth since 2018-19.³⁸



The top importers for this product in the world are



³³ As Tarkashi products are exported under HS code 940360 which pertains to Wooden furniture, hence the same code has been used for our analysis

³⁴ <https://www.trademapp.org/>

³⁵ <https://www.trademapp.org/>

³⁶ Since district-wise data is not available, the analysis has been performed on import and export data of India

³⁷ <https://www.trademapp.org/> value of India for HSN-940360

³⁸ www.dgcisanalytics.in

Figure 13: Exported value of UP for HSN-940360



given below, alongside the value of the product imported in 2020.

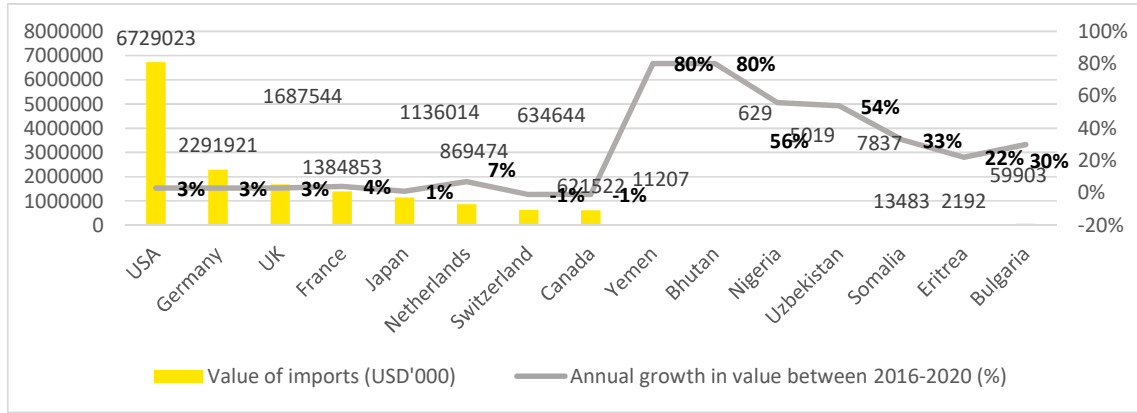


Figure 14: The top importers for this product in the world for HSN-940360

Prominent countries which import from India:

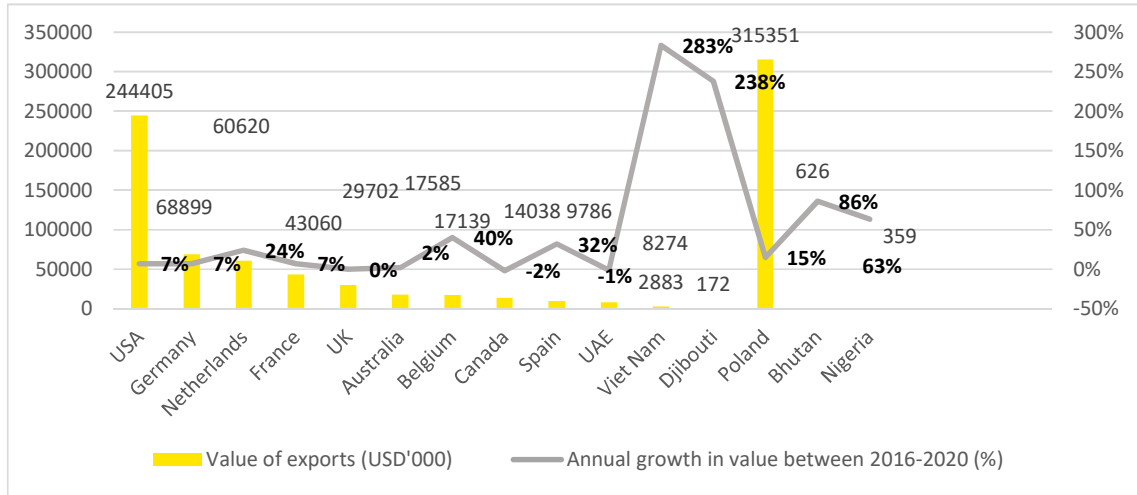


Figure 15: Prominent Import Countries to whom India export of HSN-940360

The following synergies/ markets are identified for UP and India based on the signed FTAs, untapped potential, high growth potential, the ones is catered by India and not UP etc.



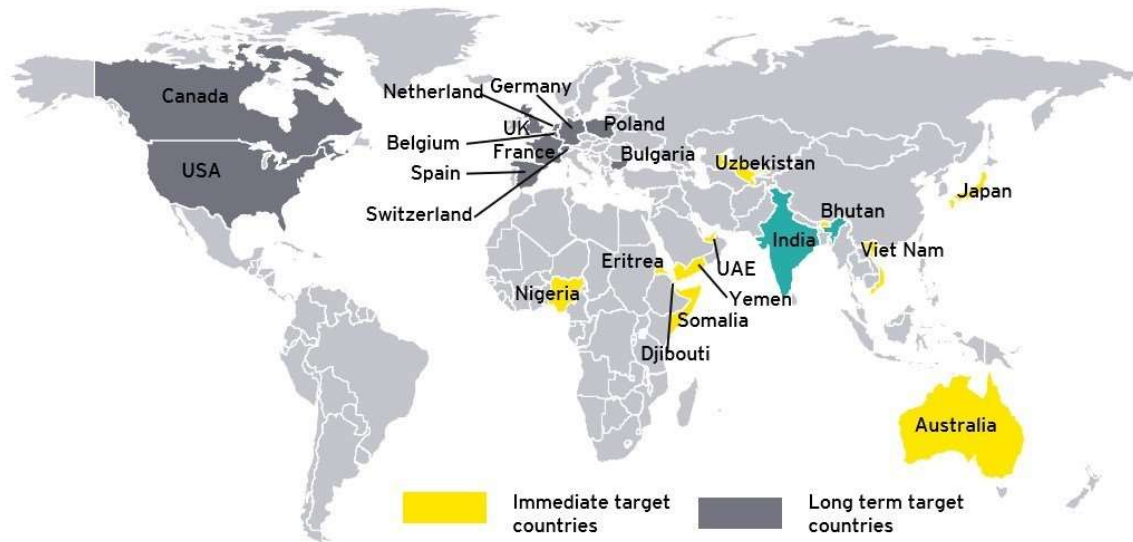


Figure 16: Markets for export potential for HSN- 940360

Countries to whom UP exports this product in HSN code -940360 are **USA, UAE, France, Germany, UK, Australia, Netherlands, Saudi Arab, Canada, Mexico, Spain, Korea RP, Kuwait, Belgium, and Italy.**³⁹

5.6 Potential Areas for Value Added Product

This plays a vital role in any products exports as it is a product uplifting strategy. Most artisans aren't bothered about changing their product range and they fail to understand that it is an integral part of comprehensive marketing. Diversification can be brought in the cluster by:

- ▶ **Modifications of Existing Products:** It has also been found that most of the units use no strategy for making modifications to the existing products in the light of design and market demand. The artisans/ unit's owners can make more value products by blending contemporary designs and new types of raw materials to modify the existing products

5.7 SWOT analysis

Table 8: SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> ▶ Presence of this art form in Mainpuri for over half a century ▶ Strong aptitude and intention of the local population to promote this art form ▶ Huge presence of shisham tree, a principal raw material, in the district 	<ul style="list-style-type: none"> ▶ Majority of the artisans lack basic capacity of drawing to create new products. ▶ Majority of the artisans lack the capacity to create three dimensional products, demand of which is on the rise. ▶ The existing two-dimensional product ranges is

³⁹ www.dgcisanalytics.in



	<p>limited in colour and shape.</p> <ul style="list-style-type: none"> ▶ Lack of training in mechanical methods of wood cutting, shaping and polishing. ▶ Market is mostly limited to participation in fairs and exhibitions. ▶ There is serious lack of product diversification as the current product range is mostly two-dimensional pictures of Gods, Goddesses and famous national personalities. ▶ There is no link with high end buyers of artisanal products both locally as well as nationally, as the current range of production is not always suited towards contemporary needs and tastes. ▶ There is no presence of product in high footfall areas (e.g. tourist places), although this needs to be done simultaneously with change in product range. ▶ Lack of raw material availability within the cluster ▶ Lack of international marketing skills among the vast micro units. ▶ Traditional manufacturing methods are still followed as majority of the workers are not formally trained. ▶ Traditional manufacturing methods and use of hand operated tools are still in practice which tend to directly affect the precision of the end-product
Opportunities	Threats
<ul style="list-style-type: none"> ▶ Improving the product quality to tap international markets ▶ Focussing on product diversification for attracting larger audiences ▶ Increasing efficiency and production through up-gradation of technology ▶ Opportunity for increasing sales by participation in various national and international marketing events ▶ Branding for market conquering. ▶ Increasing exports through focussed channels identified through this report. ▶ Credit flow promoted by ODOP Scheme ▶ Training provided for creation of new artisans by the office of DC-HC and ODOP Scheme ▶ Practice of the local Government to give orders for official gifts and name plaques 	<ul style="list-style-type: none"> ▶ Consistent quality of product by competing Districts / countries ▶ Rising input prices. ▶ Lack of quality raw material availability within the area

5.8 Challenges and interventions

Parameter	Challenges	Intervention
Raw Material	<ul style="list-style-type: none"> ▶ Lack of timely availability of raw materials ▶ Usage of lower quality of shisham wood ▶ The used wood is not seasoned ▶ Raw materials are procured from outside the district in bulk quantity which is expensive when compared to the locally available materials and adds additional expenditure of travelling ▶ Many artisans use second quality wood which is bi-colored and necessitates coloring thus it deteriorates the quality of the end product 	<p>Hard Interventions</p> <ul style="list-style-type: none"> ▶ Establishment of a Raw Material Bank within the CFC ensuring easy availability of all types of quality raw materials.
Technological upgradation	<ul style="list-style-type: none"> ▶ Traditional manufacturing methods while cutting of wood, cutting brass wire from plate, Designing, Shaping and fitting of brass wire, framing, polishing etc., are still followed ▶ Technology awareness and adaptability among the primary stakeholder is very low ▶ Lack of proper working space and limited investment capacity to scale up the existing units. ▶ Absence of adequate facilities at cluster level for enhancing production process 	<p>Hard Interventions:</p> <ul style="list-style-type: none"> ▶ Establishment of Common Production Center with modern machines including Saw machine, Buffing Machine, Bore Cutting Machine, Wooden Frame Making Machine, CAD Based Software and computer and accessories, Hydraulic Clicking Press Machine for repeat production etc. <p>Soft Interventions:</p> <ul style="list-style-type: none"> ▶ Exposure visits to benchmark clusters like Jaipur for cross learning of the exiting units for production process and machines operate. ▶ Facilitating technology demonstration at cluster level by the domestic and global machine suppliers
Design/ product line	<ul style="list-style-type: none"> ▶ The designs are repetitive and hasn't evolved much over the ages ▶ Lack of focus on creating/expanding the existing designs/product-line ▶ The cluster still hasn't shifted much of its focus to 3D products and new colour ranges ▶ The artisans are trained and well versed with rectangles and squares but, not in other 	<p>Hard Interventions:</p> <ul style="list-style-type: none"> ▶ It is proposed that a Design and Innovation center be set up in the cluster. The centre will include following components: <ul style="list-style-type: none"> ○ Design Bank and Product Library ○ Database of various vendors/suppliers ○ Training Centre <p>Soft Intervention:</p> <ul style="list-style-type: none"> ▶ Design training, and certificate courses for local aspirants in collaboration with local engineering

Parameter	Challenges	Intervention
	<p>forms/patterns of designs like circle, triangle, etc.</p> <ul style="list-style-type: none"> ▶ Most artisans haven't expanded their product range 	<p>institutes</p> <ul style="list-style-type: none"> ▶ Capacity building of the cluster firms/artisans on product development, design development, product diversification and value addition ▶ Exposure visits to key cluster producing similar products to understand the use of new technology in product development and production line
Marketing branding	<p>&</p> <ul style="list-style-type: none"> ▶ Limited Market diversification ▶ Lack of knowledge of existing schemes and govt. initiatives ▶ Market is limited to fairs and exhibition ▶ No direct export from the cluster ▶ There is no link with high end buyers of artisanal products both locally as well as nationally ▶ There is no presence of the product in high footfall areas 	<p>Soft Intervention:</p> <ul style="list-style-type: none"> ▶ Awareness and outreach for participating in Domestic / international fairs and exhibitions. ▶ Conduct awareness workshops about Government Marketing schemes ▶ Collaboration with retail shops and emporiums like Gangotri, for displaying the Tarkashi art products ▶ Encourage to leverage ODOP MDA scheme for financial assistance. ▶ Organize state and national level exhibitions ▶ Collaboration with E-commerce companies- Amazon, Flipkart, Kaarigar, eBay, ShopClues, UPHDMC etc. ▶ Business development services (BDS) may be setup in the CFC or providing direct exposure of market to the artisan ▶ Creation of video for branding of the Tarkashi products by highlighting its quality benefits background.
Quality Improvement	<ul style="list-style-type: none"> ▶ Unaware of global standards and quality ratings. ▶ The artisans use different varieties of wood each time hence the quality of the product is not standardized. ▶ No checks and balances on the quality of the raw materials or on the end product. 	<p>Soft intervention:</p> <ul style="list-style-type: none"> ▶ Special focus should be given on creating Brand labels with uniform quality standards which will improve the quality of the product ▶ Collaboration with Quality Council of India (QCI) will help in setting the quality standard of these products, to increase the sales in international markets, and they can be exported across the globe with brand logo which ensures its authenticity. ▶ SPV to be trained to monitor the quality of the products by implementing Quality control through: <ol style="list-style-type: none"> Product checking: looks at the output from the process and establishes whether the properties of the product are consistent and within the specification for the product. Process checking: Ensures that the process is being conducted in the way that will produce material of consistent quality.

Parameter	Challenges	Intervention
Access to finance	<ul style="list-style-type: none"> ▶ Working capital is an issue for the units as they must pay the wages to the artisans in advance. ▶ Lack of awareness about existing Financial institutions and their schemes & policies ▶ Limited knowledge on the schemes and policies of central and state government ▶ Blockage of working capital owing to extended payment timelines ▶ The linkages with banks and financial institution in the cluster are not established properly. ▶ The linkages with banks and financial institution in the cluster are not established properly. ▶ Improper documentation leading to loan rejection 	<p>Soft intervention:</p> <ul style="list-style-type: none"> ▶ Awareness and outreach program for raising consciousness about existing central and state government schemes that can be leveraged ▶ Collaboration with SIDBI ▶ MSME department is partnering with banks to ease up the sanctioning process, for e.g. Bank of India ▶ Collaboration with nationalized banks/ financial institutions for easy lending to manufacturers through digital platforms to ease out paperwork. ▶ Sensitization of banks/financial institutions to understand the product value chain while fixing WC/CC limits.
Skill Development	<ul style="list-style-type: none"> ▶ Majority of the artisans lack the basic capacity of drawing for creating new products ▶ Lack of recognition for formally trained artisans ▶ Lack of encouragement to setup/ expand their business ▶ Limited knowledge of artisans in business operations ▶ The skill gap in various fonts including, design, cutting, merchandising, CAD etc. 	<p>Soft Intervention:</p> <ul style="list-style-type: none"> ▶ ODOP Skill Development Scheme could be leveraged to provide training/skill-upgradation to the artisans and toolkit distribution. ▶ Entrepreneurship and Skill Development Programme (ESDP) scheme may be leveraged for undertaking skilling and upskilling workshops/ training programmes for the cluster actors. ▶ Collaboration with NSDC/ UPSSDM / Udyamita vikas sansthan, Lucknow /Institute of Entrepreneurship Development, Lucknow for undertaking skilling and upskilling under value chain activities and business development parameters- design, marketing, accounting, production process etc.
Exporter's issue	<ul style="list-style-type: none"> ▶ No focal point to address exporters ongoing issues. 	<ul style="list-style-type: none"> ▶ DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.
Cost Structure	<ul style="list-style-type: none"> ▶ U.P. is a land-locked state hence this increases the transportation cost which in turn adds to the overall production expenses ▶ Since the start of Covid 19 Pandemic, the availability of 	<ul style="list-style-type: none"> ▶ The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme. ▶ The CONCOR rates are to be made available at regular intervals to the DIC office for updation of

Parameter	Challenges	Intervention
	containers and the Freight Charges by the Shipping lines has been main concern of the industry	the same at the district website. ▶ The formation of the sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal.

5.9 Future Outcomes

Annual Turnover ⁴⁰
Increase in annual turnover from existing INR 4Cr. to 5.85 Cr. over the period of 5 years

Cluster exports ⁴¹
Increase in exports from INR 1.34 Cr to INR 1.96 Cr over the period of 5 years

6. Various Schemes being run by UP government and GOI

6.1 Export Promotion Scheme of the Department of MSME & Export Promotion, UP (<https://epbupindia.in>)

6.1.1 Marketing Development Scheme (MDA) run by EPB, UP

S.No	Incentives offered	Amount of incentive against total expenditure
1	Participation in foreign fairs/exhibitions (total three fairs / annum) a. Stall charges b. Air fare (economy class)	a. 60% of stall charges (max 01 lac / fair) b. 50% (max 0.5lac for one person / fair)
2	Publicity, advertisement, development of website	60 % (max 0.60 lac/annum)
3	Sending of samples to foreign buyers	75 % (max 0.50 lac/annum)
4	ISO /BSO certification	50 % (max 0.75 lac/annum)

⁴⁰ DIC, Mainpuri and calculation -10% growth per year

⁴¹ DIC, Mainpuri and calculation -10% growth per year

6.1.2 Gateway Port Scheme run by EPB, UP

Particulars	Details
Brief Description	Assistance is given to all manufacturing exporting units on expenses incurred on the rail transport of their goods from ICD/CFS to Gateway ports.
Eligible units	Micro, small & medium enterprises.
Incentives Offered against actual expenditure	25% of the total expenditure or Rs 6000 (20 ft' container) & Rs 12000 (40 ft' container) (whichever is less)
Maximum limit	Rs 12 lacs /unit /year
Empowered committee	District Users Committee under the chairmanship of district magistrate.

6.1.3 Air Freight Rationalization Scheme run by EPB, UP

Particulars	Details
Incentive offered	20% of the actual expenditure or Rs 50 / kg (whichever is less)
Eligible Units	Manufacturer & merchant exporter
Maximum limit	Rs 2 lacs /unit /year
Recognized Cargo Complexes	Varanasi & Lucknow

6.1.4 State Export Award Scheme run by EPB, UP

Scheme	Eligibility	Details
State Export Award	All manufacturer and merchant Exporters online registered with EPB Minimum Export turnover 30,00,000/-	All manufacturer and merchant Exporters online registered with EPB

6.2 Exports from Government of India Scheme

6.2.1 Merchandise Exports from India Scheme (MEIS)

- ▶ Under this scheme, exports of notified goods/ products to notified markets as listed in Appendix 3B of Handbook of Procedures, are granted freely transferable duty credit scrips on realized FOB value of exports in free foreign exchange at specified rate (2-5%).
- ▶ Duty Credit Scrips are provided for exports to diversify markets and offset the disadvantage faced by exporters with regard to freight costs, transport hurdles and other disabilities. They are like debit notes which can be used to pay import duties.

- ▶ Such duty credit scrips can be used for payment of custom duties for import of inputs or goods, payment of excise duty on domestic procurement, payment of service tax and payment of custom duties in case of EO default.
- ▶ Exports of notified goods of FOB value upto Rs 25, 000 per consignment, through courier or foreign post office using e-commerce shall be entitled for MEIS benefit.

6.2.2 Service Exports from India Scheme (SEIS)

- ▶ Service providers of notified services as per Appendix 3E42 are eligible for freely transferable duty credit scrip 5% of net foreign exchange earned.

6.2.3 Duty exemption & remission schemes

An exporter must take Advance Authorization (AA) from the regional DGFT offices if he uses his imported product as an input to manufacture his resultant exported product. No Advance Authorization can obviously be given for import of prohibited items. Advance Authorization can however be given for import of restricted items with certain conditions. Items reserved for import through State Trading Enterprises (STEs) can be imported against Advance Authorization/ DFIA provided the item of import is canalized/ bought through STEs or after obtaining No Objection Certificate from STEs.

6.2.3.1 Advance Authorization Scheme

Under this scheme, duty free import of inputs are allowed, that are physically incorporated in the export product (after making normal allowance for wastage) with minimum 15% value addition. Advance Authorization (AA) is issued for inputs in relation to resultant products as per SION (Standard Input Output Norms prescribed in Handbook of Procedures Vol. II) or on the basis of self-declaration, as per procedures of FTP. AA normally has a validity period of 12 months for the purpose of making imports and a period of 18 months for fulfilment of Export Obligation (EO) from the date of issue. AA is issued either to a manufacturer exporter or merchant exporter tied to a supporting manufacturer(s).

6.2.3.2 Advance Authorization for annual requirement

Authorization holders who have been exporting for at least 2 years can get annual Advance Authorization. This gives them the flexibility to export any product throughout the year falling under an export product group using the duty exempted imports. However specific inputs have to be tallied with the resultant exports as per SION/ prescribed ad hoc norms.

6.2.3.3 Duty Free Import Authorization (DFIA) Scheme

DFIA is a variant to Advance Authorization scheme. It is different from Advance Authorization as a higher minimum value addition of 20% is required, as compared to only 15% in Advance Authorization. It has enabling provision for transferability of authorization or materials imported against it. DFIA can be applied and obtained on post export basis as well. It is popular with exporters who export first and then obtain the Authorization, which can be sold freely.

6.2.3.4 Duty Drawback of Customs/Central Excise Duties/Service Tax

The scheme is administered by Department of Revenue. Under this scheme products made out of duty paid inputs are first exported and thereafter refund of duty is claimed in two ways:

⁴² <https://www.dgft.gov.in/>

6.3 EPCG SCHEME

6.3.1 Zero duty EPCG scheme

Zero duty EPCG scheme allows import of capital goods for preproduction, production and post-production (including Completely Knocked Down/ Semi Knocked Down there of as well as computer software systems) at zero Customs duty, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date (para 5.1 a of FTP).

The scheme can be taken both post exports and pre- exports. The export obligation discharged would require fulfilment of specific export obligation in addition to the existing Average export performance over a period of three years.

Period of import would be 9 months. Exporters availing benefit under Technology Up Gradation Fund Scheme ("TUFS") can also avail benefit of Zero duty EPCG Scheme. Import of motor cars, SUV's, all purpose vehicles by hotels, travel agents, or tour or transport operators and companies owning/ operating golf resorts not allowed. Export Obligation for domestic sourcing of capital goods under EPCG schemes has been reduced by 10% to encourage import substitution.

6.3.2 Post Export EPCG Duty Credit Scrip Scheme

A Post Export EPCG Duty Credit Scrip Scheme shall be available for exporters who intend to import capital goods on full payment of applicable duty in cash.

6.3.3 EOU/EHTP/STP & BTP SCHEMES

Units undertaking to export their entire production of goods and services may be set up under this scheme for import/ procurement domestically without payment of duties. For details of the scheme and benefits available therein FTP may be required.

6.4 Other Scheme

A. Towns of Export Excellence (TEE)

Selected towns producing goods of Rs. 750 crores or more are notified as TEE on potential for growth in exports and provide financial assistance under MAI Scheme to recognized Associations.

B. Rebate of duty on "export goods" and "material" used in manufacture of such goods – Rebate of duty paid on excisable goods exported or duty paid on the material used in manufacture of such export goods may be claimed under Rule of 18 of Central Excise Rules, 2002.

C. Export of goods under Bond i.e. without payment of excise duty

Rule 19 of Central Excise Rules 2002 provides clearance of excisable goods for exports without payment of central excise duty from the approved factory, warehouse and other premises.

D. Market Access Initiative (MAI) Scheme

Under this Scheme, financial assistance is provided for export promotion activities on focus country, focus product basis to EPCs, Industry & Trade Associations, State Government Agencies and Indian Commercial Missions abroad to do market surveys, publicity campaigns, participate in International Trade Fairs, set showrooms/ warehouses etc. Details of the Scheme is available at www.commerce.nic.in

7. Action Plan

Quantifiable activity/ intervention	Responsible authority	Timeline for implementation ⁴³
Increasing the overall exports from the state		
Sensitization and facilitation in availing Import/ export documents: Majority of the cluster actors though interested and sensitized on exports are unaware of Import-Export Code which is crucial for participating in global trade. While some of them are aware, they face challenges in applying. Thus, at district level, a camp should be set in every three months to help the individuals interested in trade to understand about the requisite documents required for undertaking import/ export and provide support in availing them	ODOP cell, DIEPC UPEPB	Continuous initiative
Creation of an event calendar comprising of events to be conducted in a Financial Year with a focus on international marketing events . Further, DGFT and FIEO can finalize a target to participate in at least 3 international events in a year per product category/industry of Tar products by utilizing schemes like IC and MAS	ODOP cell, DIEPC UPEPB	Continuous initiative
Sensitization of cluster actors: <ol style="list-style-type: none"> The individuals of a cluster should be sensitized on the plethora of schemes⁴⁴ available for them for maximizing the potential of exports. Merchandise Exports from India Scheme, Service Export from India Scheme etc. provides various exemptions for facilitating exports. Further, schemes like Advance Authorization Scheme (AAS), Duty Free Import Authorization (DFIA Scheme) ensure procurement of imported duty-free raw materials Currently, majority of the exporters and traders focus on selling their goods to USA, UK and European countries without correctly analyzing the demand market. Thus, these cluster actors should be sensitized on target countries identified through export analysis mentioned in DAPs and EAP 	ODOP cell, DIEPC UPEPB	Continuous initiative

⁴³ Short term: Should be initiated within 6 months, Intermediate: to be initiated between 6- 12 months, long terms after 12 months

⁴⁴ List of available schemes facilitating exports: <https://cdn.s3waas.gov.in/s3555d6702c950ecb729a966504af0a635/uploads/2020/12/2020120965.pdf> and <https://www.ibef.org/blogs/indian-export-incentive-schemes>:

DIC and FIEO can play a pro-active role in this regard. 10% increase in every year in the number of units taking part in the trade fairs organized by FIEO and other organizations may be proposed as a target under this segment	DIC, UPEBP and FIEO	Intermediate
Common interventions across sectors/ clusters		
Creation of video for branding of the Rice and Tarkashi art products by highlighting its quality benefits and historical background.	UPEPB/DIEPC	Short term
Promotion of Rice and Tarkashi products by DIEPC across the State through branding within their premises and through events like Udyam Samagam	DIEPC	Ongoing activity
MoU with QCI for defining quality standards of the products	UPEPB/DIEPC	Short term
Collaboration with IIP to define cluster-wise packing standards	UPEPB/DIEPC	Short term
Exposure visits to benchmark clusters for cross learning of the exiting units for production process and machines operate.	UPEPB/DIEPC	Short term
Facilitating technology demonstration at cluster level by the domestic and global machine suppliers	UPEPB/DIEPC	Short term
Sensitization of banks and bankers to help them understand the niche sectors of MSME and their specific requirements which shall help banks evaluate projects better while lending credit	UPEPB/DIEPC and banks	Short term
Introduction of revolving working capital within the cluster to help MSMEs procure raw materials and undertake production without hinderances	UPEPB/DIEPC and banks	Intermediate
Tie up with the banks/financial institutions (SIDBI, BoI etc.) for better interest rates, enhanced working capital limits etc.	UPEPB/DIEPC and banks	Intermediate
Handholding of MSMEs for increasing their awareness on schemes of state & centre and the procedure to apply to avail financial assistance	UPEPB/DIEPC	Intermediate

DIEPC to act as a focal point for all exporters issues. Deputy Commissioner Industries may be given this responsibility to monitor the cell in consultation with DGFT.	DIEPC/DGFT/UPEPB	Long term
<p>Cost Structure:</p> <p>a. The DIC office should organize workshops for exporters to apprise them about Foreign Trade Policy benefits viz. Duty Exemption Scheme / Advance Authorization Scheme / Duty Free Import Authorization Scheme.</p> <p>b. The CONCOR rates are to be made available at regular intervals to the DIC office for updation of the same at the district website.</p> <p>c. The formation of the Sub-committee comprising the representative of CONCOR and Deputy Commissioner Industries to understand the issue and suggest ways to help Industry. Ease of Logistics portal of FIEO has been developed to provide information about container availability and issues relating to it. The industry may be informed of this portal</p>	<p>DIEPC/UPEPB</p> <p>DIEPC/UPEPB</p> <p>DIEPC/UPEPB/FIEO</p>	<p>Long term</p> <p>Long term</p> <p>Short term</p>
Product 1: Rice products		
<p>Establishment of Common Facility Centre with:</p> <p>a. Common Production Center with modern machines including Rice sortex Machine, Rice Cleaning Machine, Rice polisher machine, Dryer machine etc. for enhancing production.</p> <p>b. Innovative and modern packaging and Labelling unit</p>	DIEPC, DGFT and ODOP Cell	Long term
Focus on high Yielding Export Quality Rice -Breeding programme may be initiated to develop high yielding export quality rice (Basmati, Non-Basmati, Long Grain Rice, etc.) to enable the exporters to sustain their exports in future.	Research Department/DIEPC/ APEDA Institutes/Agriculture	Mid term

To identify export quality belts/zones for production of rice to meet the requirement of exports.	Agriculture Department/District Administration/District Level Export Promotion Committee	Long term
It is suggested that special efforts should be made to promote the export of organic product of rice from this district.	DIEPC/APEDA/UPEPB	Short term
Distribution of Certified seeds to farmers partially through Krishi Vigyan Kendra (KVK) of Mainpuri and Farmer Producers Organization	KVK/ DIEPC/ FPO	Ongoing as per Implementation schedule
Training programme to educate the cultivators: <ol style="list-style-type: none"> a. Training programme to educate the cultivators about various SPS/ Technical standards in international markets b. The District Industry Centre in consultation with regional DGFT officer & APEDA may chalk out the programme on quarterly basis to train and education cultivators and other stake holders about SPS/ technical standards in international markets. 	DIEPC/DGFT/APEDA/DGFT	Ongoing
Introducing the Kisan credit card in the cluster	DIEPC and banks	Short term
Collaboration with E-commerce companies focusing on vegetables and fruit sale like Big Basket, Natures Basket etc. and Onboarding workshops to be conducted for handholding to artisans and entrepreneurs	Big Basket/Natures Basket and UPEPB and DIEPC	Short term
Product 2: Tarkashi art products		
Establishment of Common Facility Centre with: <ol style="list-style-type: none"> a. Raw Material Bank b. Common Production Center with modern machines including Saw machine, Buffing Machine, Bore Cutting Machine, Wooden Frame Making Machine, CAD Based Software 	DIEPC, DGFT and ODOP Cell	Long term

<p>and computer and accessories, Hydraulic Clicking Press Machine for repeat production etc.</p> <p>c. Design, display and Innovation center with CAD/CAM facilities</p>		
<p>Collaboration with NSDC/ UPSSDM / Udyamita vikas sansthan, Lucknow /Institute of Entrepreneurship Development, Lucknow for undertaking skilling and upskilling under value chain activities and business development parameters- design, marketing, accounting, production process etc.</p>	<p>DIEPC, ODOP Cell, NSDC/ UPSSDM / Udyamita vikas sansthan, Lucknow /Institute of Entrepreneurship Development, Lucknow</p>	<p>Long term</p>
<p>Collaboration with E-commerce companies- Amazon, Flipkart, Kaarigar, eBay, ShopClues, UPHDMC etc. and Onboarding workshops to be conducted for handholding to artisans and entrepreneurs</p>	<p>UPEPB/DIEPC</p>	<p>Short term</p>

8. Annexure 1


Abbreviations

AIREA	All India Rice Exporters' Association
API	Active pharmaceuticals ingredients
APEDA	Agricultural and Processed Food Products Export Development Authority
BEDF	Basmati Export Development Foundation
CAD	Computer-Aided Design
CAM	Computer Aided Manufacturing
CFC	Common Facility Center
CONCOR	Container Corporation of India
CPC	Common Production Center
DGFT	Director General of Foreign Trade
DIC	District Industries Center
DIEPC	District Industry and Enterprise Promotion Center
DPR	Detailed Project Report
EPC	Export Promotion Council
EPCG	Export Promotion Capital Goods
FIEO	Federation of India Export Organization
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council
GI	Geographical Indication
HS	Harmonized System
IC	International Cooperation
ICAR	Indian Council of Agricultural Research
IC Engines	Internal Combustion Engines
IEC	Import Export Code
IIP	Indian Institute of Packaging

IRRI	International Rice Research Institute
ISW	Industrial Solid Waste
ITI	Industrial Training Institute
KVK	Krishi Vigyan Kendra
MAS	Market Assistance Scheme
MSE CDP	Micro & Small Enterprises - Cluster Development Programme
MSME	Micro, Small and Medium Enterprises
NHB	National Horticulture Board
NIC Code	National Industrial Classification Code
NIC	National Informatics Center
NID	National Institute of Design
NIFT	National Institute of Fashion Technology
NRRI	National Rice Research Institute
NSDC	National Skill Development Cooperation
ODOP	One District One Product
PM FME	Pradhan Mantri Formalisation of Micro food Processing Enterprises
PMU	Project Monitoring Unit
QCI	Quality Council of India
R&D	Research & Development
RMB	Raw Material Bank
SGPGI	Sanjay Gandhi Post Graduate Institute of Medical Science
SIDBI	Small Industries Development Bank of India
SPS	Sanitary & Phytosanitary
SPV	Special Purpose Vehicle
SWOT	Strength, Weakness, Opportunities, Threats
TBT	Technical Barriers to Trade
UAE	United Arab Emirates

UK	United Kingdom
UPCAR	U.P. Council of Agricultural Research
UPEPB	Uttar Pradesh Export Promotion Bureau
UPICO	UP Industrial Consultancy Organisation
USA	United States of America




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DIRECTORATE GENERAL OF
FOREIGN TRADE
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Districts
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Building a better